

Expanded Lottery Act Revenues Fund

The Governor proposes targeting the resources of the Expanded Lottery Act Revenues Fund to support the reduction of state debt, increase the number of engineering graduates from the state's universities, and to make KPERS payments.

Fund Summary

The Expanded Lottery Act Revenues Fund (ELARF) is capitalized through transfers from the Kansas Lottery with net gaming revenue collected from state-owned destination casinos and from electronic gaming machines at parimutuel racetracks authorized by the Kansas Expanded Lottery Act enacted in 2007.

The Kansas Expanded Lottery Act requires racetrack gaming facility managers to pay a one-time privilege fee of \$2,500 per electronic gaming machine placed at each racetrack gaming facility. Revenue from electronic gaming machines at racetrack gaming facilities is distributed by a formula detailed in the Kansas Expanded Lottery Act. Currently, no racetrack gaming facility manager has entered into a contract with the Kansas Lottery to place electronic gaming machines at a parimutuel racetrack and no parimutuel racetrack is expected to open with electronic gaming machines in FY 2013, FY 2014, or FY 2015.

The first state-owned casino opened in Dodge City in December 2009. The casino in Sumner County opened in December 2011 and the casino in Wyandotte County opened in February 2012. At the time this report was prepared, it appeared unlikely that

a gaming facility manager will pay the \$25.0 million privilege fee to place a gaming facility in either Crawford or Cherokee County in FY 2013, FY 2014, or FY 2015.

A meeting on expanded gaming revenues was held in October 2012 to revise the previous estimates for FY 2013 and to develop initial estimates for FY 2014. Estimates for planning purposes were also developed for FY 2015 and beyond. The distribution of gaming facility revenue is based on a formula detailed in the Kansas Expanded Lottery Act and by the contract between each gaming facility manager and the Kansas Lottery.

Generally, the ELARF will receive 22.0 percent of the revenue, the Problem Gambling and Addictions Grant Fund (PGAGF) will receive 2.0 percent, cities and counties where gaming facilities are located will receive a total of 3.0 percent, and gaming facility managers will receive 73.0 percent. However, revenue distributions will vary by each gaming facility based on each contract that provides additional revenues to the ELARF out of the gaming facility manager's share of revenue when certain revenue thresholds are reached. The table below details where these dollars will go.

The state's three gaming facilities are estimated to generate a total of \$359.1 million in gaming revenue in FY 2013, which is a decrease of \$38.5 million from the previous estimate made in April 2012. The new estimate reflects continued revenue growth at the casino in Sumner County, which is offset by lower revenue estimates for the casinos in Dodge City and

Distribution of Gaming Facility Revenue

	FY 2012 Actual	FY 2013 Gov. Est.	FY 2014 Gov. Rec.	FY 2015 Gov. Rec.
Expanded Lottery Act Revenues Fund	42,106,175	79,290,000	85,524,000	89,480,000
Problem Gambling & Addiction Grants	3,827,834	7,182,000	7,718,000	8,064,000
Cities & Counties	5,920,954	10,773,000	11,577,000	12,096,000
Gaming Facility Managers	144,076,535	261,855,000	281,081,000	293,560,000
Total	\$ 195,931,498	\$ 359,100,000	\$ 385,900,000	\$ 403,200,000

Wyandotte County. Gaming revenues for FY 2013 are estimated to be distributed as follows: the ELARF is estimated to receive \$79,290,000, the PGAGF will receive \$7,182,000, cities and counties where gaming facilities are located will receive a total of \$10,773,000, and gaming facility managers will receive \$261,855,000.

The ELARF estimate was decreased by a total of \$8,432,000 for FY 2013, from \$87,722,000 to \$79,290,000. A total of \$86,150,016 in ELARF expenditures and transfers were authorized by the 2012 Legislature for FY 2013 creating a shortfall of \$6,860,016. To eliminate this shortfall, the Governor recommends eliminating a planned \$5.0 million transfer from the ELARF to the State General Fund and also recommends transferring \$2.0 million from the State General Fund to the ELARF. The Governor also recommends lapsing \$23 from the Department of Administration to correct the amount needed for debt service payments. Under the Governor's recommendations, the ELARF is estimated to have a balance of \$140,007 at the end of FY 2013.

In FY 2014, the state's three gaming facilities are estimated to generate a total of \$385.9 million in gaming revenue, which will be distributed as follows: the ELARF is estimated to receive \$85,524,000, the PGAGF will receive an estimated \$7,718,000, cities and counties where gaming facilities are located will receive a total of \$11,577,000, and gaming facility managers are estimated to receive \$281,081,000.

The state's three gaming facilities are estimated to generate a total of \$403.2 million in gaming revenue in FY 2015, which will be distributed as follows: the ELARF is estimated to receive \$89,480,000, the PGAGF will receive an estimated \$8,064,000, cities and counties where gaming facilities are located will receive a total of \$12,096,000, and gaming facility managers are estimated to receive \$293,560,000,

Recommendations

The Governor's recommendations on how to use the ELARF for FY 2014 and FY 2015 are summarized in the table on this page and then described in detail by agency and by program. They are also listed in Schedule 2.6 at the back of this report. Under the Governor's recommendations, the ELARF will have a \$23 balance at the end of both FY 2014 and FY 2015.

Department of Administration

Public Broadcasting Bonds. To make the debt service payment for the digital conversion of public television and radio stations, the Governor recommends expenditures from the ELARF of \$238,332 in FY 2014 and \$234,769 for FY 2015. The principal amount for both FY 2014 and FY 2015 is \$90,000 while the interest amount is \$148,332 for FY 2014 and \$144,769 for FY 2015.

Expanded Lottery Act Revenues Fund Summary

	FY 2012 Actual	FY 2013 Gov. Est.	FY 2014 Gov. Rec.	FY 2015 Gov. Rec.
Beginning Balance	\$ --	\$ --	\$ 140,007	\$ 23
Revenues:				
Gaming Facility Revenue	42,106,175	79,290,000	85,524,000	89,480,000
Transfer from State General Fund	--	2,000,000	--	--
Total Available	\$ 42,106,175	\$ 81,290,000	\$ 85,664,007	\$ 89,480,023
Expenditures & Transfers Out:				
Reduction of State Debt	--	70,649,993	37,651,984	39,490,000
State Infrastructure Improvements	1,696,150	--	--	--
University Engineering Initiative	--	10,500,000	10,500,000	10,500,000
KPERs Actuarial Liability	--	--	37,512,000	39,490,000
Transfer to SGF	40,410,025	--	--	--
Total Expenditures & Transfers Out	\$ 42,106,175	\$ 81,149,993	\$ 85,663,984	\$ 89,480,000
Ending Balance	\$ --	\$ 140,007	\$ 23	\$ 23

Statehouse Renovations—Debt Service. To pay a portion of the Statehouse debt service improvement bonds, the Governor recommends ELARF expenditures of \$1,274,501 in FY 2014 and \$3,119,748 in FY 2015. Of the FY 2014 amount, \$1,161,844 is for principal and \$112,657 is for interest. For FY 2015, the principal payment will be \$1,550,000 and the interest payment will be \$1,569,748.

Expanded Lottery Act Revenues Fund		
Program or Project	FY 2014	FY 2015
Reduction of State Debt		
Department of Administration		
Public Broadcasting Bonds	238,332	234,769
Statehouse Renovation Bonds	1,274,501	3,119,748
KPERS Pension Obligation Bonds	36,139,151	36,135,483
Total Department of Administration	\$ 37,651,984	\$ 39,490,000
Total Reduction of State Debt	\$ 37,651,984	\$ 39,490,000
University Engineering Initiative		
Department of Commerce		
Kan-Grow Engineering Fund-KSU	3,500,000	3,500,000
Kan-Grow Engineering Fund-KU	3,500,000	3,500,000
Kan-Grow Engineering Fund-WSU	3,500,000	3,500,000
Total Department of Commerce	\$ 10,500,000	\$ 10,500,000
Total University Engineering Initiative	\$ 10,500,000	\$ 10,500,000
KPERS Actuarial Liability		
Department of Education		
KPERS School Employer Contribution	37,512,000	39,490,000
Total KPERS Actuarial Liability	\$ 37,512,000	\$ 39,490,000
Total	\$ 85,663,984	\$ 89,480,000

KPERS Pension Obligations Bonds—Debt Service. The Department of Administration is responsible for making the payments on the Kansas Public Employees Retirement System pension obligation bonds. The Governor recommends expenditures of \$36,139,151 in FY 2014 and \$36,135,483 in FY 2015. The principal

portion for FY 2014 is \$12,275,000 and \$12,835,000 for FY 2015. The interest portion is \$23,864,151 for FY 2014 and \$23,300,483 for FY 2015. All funding recommended by the Governor will come from the ELARF.

Department of Commerce

University Engineering Initiative Act. The 2011 Legislature approved ten years of funding for the University Engineering Initiative to increase the number of engineering graduates from the state's universities. Funding for this program will come from a transfer from the first \$10.5 million credited to the ELARF. The Department of Commerce manages this program to ensure that each of the universities involved generate the required \$1 for \$1 match from non-state sources. Kansas State University, University of Kansas, and Wichita State University will each receive \$3.5 million annually from this program that is also known as the Kan-Grow Engineering Program.

Department of Education

KPERS-School Employer Contribution. The total estimated state obligation for the KPERS-School employer contributions in FY 2014 totals \$365.8 million in FY 2014 and \$402.8 million in FY 2015. In prior years, the state's obligation has been paid from the State General Fund. However, beginning in FY 2014, the Governor recommends to utilize the ELARF for part of this payment to KPERS, which totals \$37,512,000 in FY 2014 and \$39,490,000 in FY 2015. The remaining obligation would still be funded by the State General Fund in both years.

Lottery Revenues

The State Gaming Revenues Fund (SGRF) is capitalized through monthly transfers from revenues generated by lottery ticket sales. Transfers are then made from the SGRF to funds dedicated to economic development initiatives, prison construction and maintenance projects, local juvenile detention facilities, treatment of pathological gamblers, and the State General Fund.

Fund Summary

According to statute, the first \$50.0 million of receipts is divided by a formula which first transfers \$80,000 to the Problem Gambling and Addictions Grant Fund (PGAGF). Then 85.0 percent of the rest is transferred to the Economic Development Initiatives Fund (EDIF), 10.0 percent to the Correctional Institutions Building Fund (CIBF), and 5.0 percent to the Juvenile Detention Facilities Fund (JDFF). Any receipts to the SGRF in excess of \$50.0 million must be transferred to the State General Fund in the fiscal year in which the revenues are recorded.

The Lottery transferred a total of \$72.0 million to the SGRF in FY 2012 and transfers to the SGRF are estimated to increase to \$74.5 million in FY 2013. Transfers to the SGRF are estimated to be \$73.5 million in FY 2014 and \$74.0 million in FY 2015. As shown in the table on this page, the transfer to the State General Fund is anticipated to be \$24.5 million in FY 2013, \$23.5 million in FY 2014, and \$24.0 million in FY 2015.

Lottery Proceeds

The Lottery is required to make a minimum monthly transfer of proceeds from the sale of lottery tickets to the SGRF of no less than \$4.5 million. Once a total of \$54.0 million is transferred to the SGRF during the fiscal year, the agency is no longer required to make the minimum monthly transfer; however, the agency is expected to meet or exceed the minimum transfer set for the entire fiscal year.

Beginning in FY 2014, the Governor recommends changing the minimum monthly transfer requirements

by requiring a minimum transfer of \$2.3 million in July and a minimum transfer of \$4.7 million in each of the remaining months of the fiscal year. Once a total of \$54.0 million is transferred to the SGRF during the fiscal year, the agency would not be required to make the minimum monthly transfers. This would provide the agency flexibility with its cashflow and allow the agency to transfer the maximum amount available at the end of the fiscal year after accounting for expenditures for prize payments and operating costs. The agency would no longer be required to withhold part of its final monthly transfer of the fiscal year to ensure that it can meet the minimum transfer requirement at the start of the subsequent fiscal year.

For FY 2013, the Governor recommends a minimum transfer of \$74.5 million to the SGRF based on estimated lottery ticket sales of \$246.5 million. Lottery ticket sales are estimated to be \$246.0 million in FY 2014 and \$247.0 million in FY 2015. Ticket sales in FY 2014 and FY 2015 are estimated to allow for SGRF transfers of \$73.5 million and \$74.0 million, respectfully.

The sales estimates above include veterans benefit games sales of \$4.5 million each year for FY 2013, FY 2014 and FY 2015. The proceeds of the veterans benefit lottery games are credited to the State General Fund and then distributed to the Commission on Veterans Affairs for veterans programs and to the Board of Regents for veterans scholarships as directed by state law. The Lottery estimates that \$1.2 million will be transferred to the State General Fund to benefit these programs in FY 2013, FY 2014, and FY 2015. The table below deals only with Lottery transfers made in the normal course of business. No recommendation is made beyond those represented in the table.

Distribution of Lottery Proceeds (Dollars in Thousands)				
	FY 2012	FY 2013	FY 2014	FY 2015
Transfers Out:				
EDIF	42,432	42,432	42,432	42,432
JDFF	2,496	2,496	2,496	2,496
CIBF	4,992	4,992	4,992	4,992
PGAGF	80	80	80	80
Total by Formula	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
SGF	22,000	24,500	23,500	24,000
Total Transfers	\$ 72,000	\$ 74,500	\$ 73,500	\$ 74,000

Economic Development Initiatives Fund

The Governor targets the limited resources of the Economic Development Initiatives Fund to support the economic, technological, and workforce development needs of the state.

reappropriated from FY 2012 and a total of \$5,434 in expenditures from various agencies for the undermarket salary increase that was approved by the 2012 Legislature. There were no other adjustments to the FY 2013 EDIF budget.

Fund Summary

The primary recipients of monies from the Economic Development Initiatives Fund (EDIF) are the Department of Commerce (\$14.1 million in both FY 2014 and FY 2015), the Department of Wildlife, Parks & Tourism (\$6.0 million in both FY 2014 and FY 2015), and the state's aviation sector through grants to Wichita State University (\$5.0 million in both FY 2014 and FY 2015).

The EDIF received lower than previously estimated interest earnings in FY 2012 because of historically low PMIB interest rates and lower idle fund balances. Released encumbrances provided additional unanticipated revenues to the EDIF in FY 2012 which made up for the shortfall from interest earnings. The FY 2013 EDIF approved budget reflects amounts

For FY 2014 and FY 2015, the Governor recommends that funding for the Kansas Qualified Biodiesel Fuel Producer Incentive Fund and State Affordable Airfare Fund be provided by the State Highway Fund instead of the EDIF. The annual transfer to the State Water Plan Fund to support water and conservation projects will be suspended for FY 2014 and FY 2015. The State Housing Trust Fund will receive \$2.0 million from the EDIF in both FY 2014 and FY 2015 to support state housing programs. The Governor recommends transferring \$10.2 million in FY 2014 and \$9.7 million in FY 2015 from the EDIF to the State General Fund to make those resources available for other priorities. A summary of the status of the EDIF is presented in the table below.

The EDIF is capitalized through transfers from the State Gaming Revenues Fund (SGRF). Currently, 85.0 percent of the receipts deposited in the State

Economic Development Initiatives Fund Summary

	FY 2012 Actual	FY 2013 Gov. Est.	FY 2014 Gov. Rec.	FY 2015 Gov. Rec.
Beginning Balance	\$ 4,500,496	\$ 6,695,056	\$ 462,220	\$ 23,309
Released Encumbrances	422,827	--	--	--
Adjusted Balance	\$ 4,923,323	\$ 6,695,056	\$ 462,220	\$ 23,309
Revenues:				
Lottery Revenues	42,432,000	42,432,000	42,432,000	42,432,000
Interest & Other Revenues	74,147	150,000	100,000	100,000
KEOIF Transfer	(1,250,000)	--	--	--
Biodiesel Fuel Incentive Transfer	(200,000)	(200,000)	--	--
State Water Plan Fund Transfer	(2,000,000)	(2,000,000)	--	--
Manhattan Air Service Transfer	2,000,000	--	--	--
State Affordable Airfares Transfer	(5,000,000)	(5,000,000)	--	--
State Housing Trust Fund Transfer	--	(2,000,000)	(2,000,000)	(2,000,000)
State Fair Transfer	(159,207)	(400,000)	--	--
State General Fund Transfer	(5,785,830)	--	(10,200,000)	(9,700,000)
Total Available	\$ 35,034,433	\$ 39,677,056	\$ 30,794,220	\$ 30,855,309
Expenditures	28,339,377	39,214,836	30,770,911	30,840,190
Ending Balance	\$ 6,695,056	\$ 462,220	\$ 23,309	\$ 15,119

Gaming Revenues Fund, after the statutory transfer of \$80,000 is made to the Problem Gambling and Addictions Grant Fund, are transferred to the EDIF. By statute, the State Gaming Revenues Fund is limited to \$50.0 million each year, so transfers to the EDIF can reach \$42.4 million in a fiscal year. The EDIF is budgeted to receive \$42,432,000 from the SGRF in both FY 2014 and FY 2015.

“Other revenue” includes interest, transfers from other funds, reimbursement of loans, and recoveries from prior years. Carryover balances from one year to the next are largely the result of the agencies’ not spending all monies that were appropriated to them. Under the Governor’s recommendation, \$23,309 is anticipated to be left in the EDIF at the end of FY 2014 and \$15,119 is anticipated to be left in the EDIF at the end of FY 2015.

Recommendations

The Governor’s recommendations for FY 2014 and FY 2015 are summarized in the table on the next page and then described in detail by agency and by program. They are also listed in Schedule 2.4 at the back of this report for FY 2012 through FY 2015.

Department of Administration

Public Broadcasting Grants. The Governor recommends \$600,000 from the EDIF in both FY 2014 and FY 2015 for public broadcasting grants. The grants are used by public broadcasting stations for operating costs and the purchase of equipment. Funded by the EDIF in the past, these grants were most recently funded from the State General Fund and the Governor suggests moving them back.

Department of Commerce

The Governor recommends total EDIF expenditures of \$14,117,010 in FY 2014 and \$14,146,974 in FY 2015 for the Department of Commerce. The Department works to deliver the highest level of business development, workforce, and marketing services to build a healthy and expanding Kansas economy.

Operating Grant. The operating grant from the EDIF supports the Department of Commerce’s traditional programs, including the Kansas Industrial Training and Retraining programs in its Workforce Services Division and financing the business recruitment efforts of the Business and Community Development Division. The Governor recommends funding from the EDIF for the operating grant of \$9,197,764 in FY 2014 and \$9,224,870 in FY 2015.

Older Kansans Employment Program. The Governor recommends EDIF support of \$253,046 in FY 2014 and \$253,139 in FY 2015 for the Older Kansans Employment Program. This program is designed to provide Kansans 55 and over with an employment placement service. The emphasis is on providing permanent full-time or part-time jobs in the private sector.

Rural Opportunity Zones Program. The Rural Opportunity Zones Program attracts financial investment, business development, and job growth in

Economic Development Initiatives Fund		
Program or Project	FY 2014	FY 2015
Department of Administration		
Public Broadcasting Grants	600,000	600,000
Department of Commerce		
Operating Grant	9,197,764	9,224,870
Older Kansans Employment Program	253,046	253,139
Rural Opportunity Zones Program	1,829,084	1,831,012
Senior Community Service Employment	8,071	8,100
Strong Military Bases Program	100,000	100,000
Governor's Council of Economic Advisors	186,062	186,205
Innovation Growth Program	1,567,983	1,568,648
Creative Arts Industries Commission	200,000	200,000
Medicaid Reform Employment Incentive	500,000	500,000
Accelerate Entrepreneurship Program	275,000	275,000
Total--Department of Commerce	\$14,117,010	\$14,146,974
Board of Regents		
Vocational Education Capital Outlay	2,547,726	2,547,726
Technology Innovation & Internship	179,284	179,284
EPSCoR Program	993,265	993,265
Community College Competitive Grants	500,000	500,000
Total--Board of Regents	\$ 4,220,275	\$ 4,220,275
Kansas State University		
ESARP	299,295	299,686
Wichita State University		
Aviation Training & Equipment	4,981,537	4,981,537
Department of Agriculture		
Agriculture Marketing Program	570,832	575,110
Department of Wildlife, Parks & Tourism		
Tourism Division	2,110,842	2,116,334
Parks Program	3,871,120	3,900,274
Total--Wildlife, Parks & Tourism	\$ 5,981,962	\$ 6,016,608
Total	\$30,770,911	\$30,840,190

rural areas of the state. This program offers qualifying individuals that relocate from outside of the state to one of fifty counties that have been designated as a Rural Opportunity Zone to be exempted from paying state income taxes for up to five years and provides for student loan forgiveness. For FY 2014 and FY 2015, the Governor recommends funding from the EDIF for this program of \$1,829,084 and \$1,831,012, respectfully.

Senior Community Service Employment Program. The Governor recommends \$8,071 in FY 2014 and \$8,100 in FY 2015 from the EDIF for the Senior Community Service Employment Program. This program provides skill training through subsidized part-time employment for Kansans aged 55 and older who are at or below the poverty line.

Strong Military Bases Program. The Governor recommends \$100,000 from the EDIF for the Strong Military Bases Program in both FY 2014 and FY 2015. This program supports ongoing efforts of the Governor's Military Council to prevent the closure or downsizing of the state's military bases, which play an important role in the state's economy. This program will also focus on growing private sector industries in areas around the state's military bases and will be required to provide a local or private match to equal the state's commitment.

Governor's Council of Economic Advisors. The Governor recommends \$186,062 in FY 2014 and \$186,205 in FY 2015 from the EDIF to support the Governor's Council of Economic Advisors. The Council coordinates strategic planning and economic resources, evaluates state policies and agency performances, and conducts research on topics such as Kansas' basic industries, tax competitiveness, and regulatory structure.

Innovation Growth Program. The Innovation Growth Program operates the grant programs that were previously managed by the Kansas Technology Enterprise Corporation (KTEC), which was eliminated in FY 2011. This program leverages the state's innovation-based assets into partnerships with the private sector to create economic wealth for Kansas and helps small businesses use innovative processes and technologies to grow revenue and create jobs. The Department of Commerce has developed a return on investment-driven scorecard for this program and will

fund the program partners based on performance and the ability to leverage resources. The Governor recommends funding from the EDIF for this program of \$1,567,983 in FY 2014 and \$1,568,648 in FY 2015.

Creative Arts Industries Commission. The Governor recommends EDIF funding of \$200,000 in both FY 2014 and FY 2015 for the Creative Arts Industries Commission. The Commission is responsible for promoting and developing the creative industries sector of the Kansas economy and to expand creative industry related jobs. The commission is the result of the merger between the Kansas Arts Commission and the Kansas Film Commission, which was approved by the 2012 Legislature.

Medicaid Reform Employment Incentive. The Governor recommends \$500,000 from the EDIF in both FY 2014 and FY 2015 for the Medicaid Reform Employment Incentive. This program provides incentives for companies that employ and train individuals with disabilities. The program provides employers with \$5,000 per new employee hired who is currently receiving Medicaid developmental disability waiver services and \$3,000 per new employee hired who is currently receiving Medicaid physically disabled waiver services. This pilot program began in FY 2013 and was previously funded from the State General Fund.

Accelerate Entrepreneurship Program. The Governor recommends \$275,000 from the EDIF in both FY 2014 and FY 2015 for the new Accelerate Entrepreneurship Program. This program is designed to increase the number of entrepreneurs in the state by providing incentives to Kansas educational institutions for each student or faculty member who starts a new company with at least one other full time employee. The agency will develop detailed eligibility thresholds.

Board of Regents

Vocational Education Capital Outlay. The Governor recommends \$2,547,726 from the EDIF for both FY 2014 and FY 2015 to fund grants for Vocational Education Capital Outlay. The grants are distributed to community colleges and technical institutions to purchase equipment for training purposes. A 50.0 percent match from the institution is required.

Technology Innovation & Internship. For the Technology Innovation & Internship grants, the Governor recommends \$179,284 in both FY 2014 and FY 2015. The grants go to community colleges and technical institutions so that instructors may intern for short periods in private industry, keeping their skills up to date. The institutions must make a one-to-one match to receive the funds; it is often an in-kind match. The grants can also be used to fund innovative equipment for student training.

EPSCoR Program The Experimental Program to Stimulate Competitive Research (EPSCoR) Program combines federal and state dollars for research in science and engineering at the universities. The Governor recommends funding from the EDIF of \$993,265 in both FY 2014 and FY 2015.

Community College Competitive Grants. The Governor recommends \$500,000 from the EDIF for the Community College Competitive Grant Program in both FY 2014 and FY 2015. This Program receives a local match to develop innovative programs with private companies needing employees with specific job skills or to meet other industry needs that cannot be addressed with current funding streams.

Kansas State University—ESARP

Operations. For Kansas State University Extension System and Agriculture Research Program's Cooperative Extension Program (ESARP), the Governor recommends \$299,295 in FY 2014 and \$299,686 in FY 2015. The funding supports ESARP's general operations.

Wichita State University

Aviation Training & Equipment. The Governor recommends base funding from the EDIF for this

program of \$4,981,537 in both FY 2014 and FY 2015. The program supports the development of employees for the aviation industry. The state is a partner with aviation companies, the City of Wichita, and Sedgwick County in the development of the National Center for Aviation Training, commonly called NCAT. The Center trains thousands for high paying jobs in the aviation industry. State funding is administered by Wichita State University to provide equipment and assistance fitting with the program's curriculum.

Department of Agriculture

Agriculture Marketing Program. The Agriculture Marketing Program promotes the development of value-added agricultural products, and advances agricultural-based economic and rural development. The Governor recommends funding from the EDIF for this program of \$570,832 in FY 2014 and \$575,110 in FY 2015.

Department of Wildlife, Parks & Tourism

Tourism Division. The Tourism Division of the Kansas Department of Wildlife, Parks & Tourism is responsible for the general promotion of Kansas, administration of travel information centers in Goodland and Belle Plaine, and publication of the *Kansas! Magazine*. The division also works with the Wildlife and Parks programs to promote Kansas as the country's premier outdoor destination. The Governor recommends funding from the EDIF of \$2,110,842 in FY 2014 and \$2,116,334 in FY 2015.

Parks Program. The goal of the state parks program is to effectively manage, protect, and administer the state's 25 state parks. To support this goal, the Governor recommends funding from the EDIF of \$3,871,120 for FY 2014 and \$3,900,274 for FY 2015.

2012 Senate Substitute for HB 2333 requires that, after an initial transfer to select Kansas universities, half of the remaining monies credited to the Enhanced Lottery Act Revenues Fund (ELARF) be transferred to KPERS for the purposes of reducing the unfunded actuarial liability.

Department of Commerce

The Department of Commerce works to deliver the highest level of business development, workforce, and marketing services to build a healthy and expanding Kansas economy. The Governor recommends \$152,568,468 in FY 2013, including \$15.5 million from the State General Fund and \$19,083,708 from the Economic Development Initiatives Fund (EDIF). The Governor recommends 192.00 FTE positions in FY 2013, which is a reduction of 46.00 FTE positions from the amount approved by the 2012 Legislature.

The Governor recommends \$144,111,428 in FY 2014, including \$15.0 million from the State General Fund and \$14,117,010 from the EDIF. For FY 2015, the Governor recommends total expenditures of \$144,215,538, including \$15.0 million from the State General Fund and \$14,146,974 from the EDIF. The recommendation includes \$275,000 from the EDIF in both FY 2014 and FY 2015 for the new Accelerate Entrepreneurship Program. This program is designed to increase the number of entrepreneurs in the state by providing incentives to Kansas educational institutions for each student or faculty member who starts a new company with at least one separate full time employee. For FY 2013, the Governor recommends capping the amount that is transferred from state income tax withholdings to the Job Creation Program Fund at \$10.0 million, which will allow \$10,180,725 to be retained by the State General Fund.

The Governor recommends capping the amount that is transferred from state income tax withholding to the Job Creation Program Fund at \$10.0 million in both FY 2014 and FY 2015, which will retain \$2,185,450 and \$4,189,650 in the State General Fund in FY 2014 and FY 2015, respectively.

The Medicaid Reform Employment Incentive will be funded with \$500,000 from the EDIF in both FY 2014 and FY 2015. This program provides incentives for companies that employ and train individuals with

disabilities. This pilot program began in FY 2013 and was previously funded from the State General Fund. The Governor recommends funding the State Affordable Airfare Program in both FY 2014 and FY 2015 with a \$5.0 million transfer from the State Highway Fund. This program provides subsidies for more flight options, competition for air travel, and more affordable air fares. This program was previously funded by a transfer from the EDIF.

The Governor recommends \$15.0 million from the State General Fund in both FY 2014 and FY 2015 to continue funding the university grant research program to expand research in key areas affecting the state's economy. The program provide \$5.0 million each to three separate areas: animal health research at Kansas State University, cancer research at the University of Kansas Medical Center, and aviation research at Wichita State University. The universities will provide a dollar for dollar match to the state support and a plan to the Secretary of Commerce as to how the research activities create additional jobs for the state.

The first \$10.5 million credited to the Expanded Lottery Act Revenues Fund through FY 2022 will be transferred to the Department of Commerce to fund the University Engineering Initiative. The Department of Commerce manages this program to ensure that each of the universities involved generate the required dollar for dollar match from non-state sources. The goal of this program is to increase the number of engineering graduates from the state's universities. The University of Kansas, Kansas State University and Wichita State University will each receive \$3.5 million annually from this program in FY 2013, FY 2014, and FY 2015. Further discussion of the agency's budget can be found in the sections on the Economic Development Initiatives Fund and Expanded Lottery Act Revenues Fund.

Kansas Lottery

The Kansas Lottery strives to produce the maximum amount of revenue for the state and to maintain the integrity of all games. The Kansas Expanded Lottery Act authorizes the Kansas Lottery to be the owner of electronic gaming machines at parimutuel racetracks and at gaming operations at state-owned destination casinos. The Kansas Lottery collects and distributes revenue from state-owned gaming facilities. Lottery

expenditures are funded through revenues generated from the sale of lottery tickets and through the reimbursement of expanded lottery expenses directly from gaming facility managers. The Kansas Lottery is mandated by statute to remit all excess revenues from the sale of lottery tickets to the State Gaming Revenues Fund (SGRF). The agency does not receive monies from the State General Fund, and no tax generated revenue sources are used to support the Kansas Lottery.

The Governor recommends total expenditures of \$322,038,954 for FY 2013, a decrease of \$36.1 million compared to the budget approved by the 2012 Legislature. The decrease in expenditures is primarily a result of a decrease in gaming facility payments that are estimated to be paid out of the Lottery's budget. The FY 2013 budget recommendation is based on continued revenue growth at the casino in Sumner County, which is offset by lower revenue estimates at the casinos in Dodge City and Wyandotte County, which will require smaller payments to gaming facility managers and to the cities and counties where these gaming facilities are located. Gaming facilities authorized by the state's expanded gaming statutes are estimated to generate a total of \$359.1 million in gaming revenue in FY 2013, which is distributed by a formula and by contract with each individual gaming facility manager.

The FY 2013 lottery ticket sales goal was increased from \$243.0 million to \$246.5 million. The agency will transfer \$74.5 million to the SGRF in FY 2013, which is an increase of \$2.0 million from the amount approved by the 2012 Legislature. Included in the lottery ticket sales estimate is \$4.5 million from the sale of veterans benefit lottery games that designate the net proceeds to be used for various programs servicing the state's veterans. The projected SGRF transfer includes an estimated \$1.2 million from the sale of veterans benefit lottery games in the current year.

The Governor recommends \$343,157,756 in expenditures with 90.00 FTE positions and 15.00 non-FTE unclassified permanent positions for FY 2014. The increase in expenditures when compared to FY 2013 is largely from additional gaming facility pass-through payments. In FY 2014, the state's three gaming facilities are estimated generate a total of \$385.9 million in gaming revenue.

The Governor recommends total transfers of \$73.5 million to the SGRF on estimated total ticket sales of \$246.0 million for FY 2014. The Lottery estimates \$4.5 million in veterans benefit lottery games which are included in the overall FY 2013 sales target. Various veterans programs are estimated to receive a total of \$1.2 million from the profits of veterans benefit lottery games.

The Governor recommends \$356,853,298 in expenditures with 90.00 FTE positions and 15.00 non-FTE unclassified permanent positions for FY 2015. Gaming facilities are estimated to generate a total of \$403.2 million in gaming revenue in FY 2015.

The FY 2015 lottery ticket sales goal was set at \$247.0 million, which will allow \$74.5 million to be transferred to the SGRF in FY 2015. The lottery ticket sales estimate includes \$4.5 million from the sale of veterans benefit lottery games and the SGRF transfer includes an estimated \$1.2 million from the profits from the sale of veterans benefit lottery games. A complete explanation of receipts to the Expanded Lottery Act Revenues Fund and State Gaming Revenues Fund can be found in the Budget Issues section of this volume.

Kansas Racing & Gaming Commission

The mission of the Kansas Racing and Gaming Commission is to protect the integrity of the racing and gaming industries through enforcement of Kansas laws and is committed to preserving and instilling public trust and confidence. The Kansas Racing and Gaming Commission consists of three separate programs: Racing Operations, Expanded Gaming Regulation, and Tribal Gaming Regulation.

Racing Operations. The Racing Operations Program regulates statewide horse and dog racing activities across the state, including the conduct of races, parimutuel wagering, and the collection of parimutuel taxes, admission taxes, and licensing fees. There are currently no parimutuel racetracks operating in the state and the Commission does not anticipate any racing activity in FY 2013, FY 2014, or FY 2015. The agency anticipates expenditures for this program of \$3,425 in FY 2013, \$3,441 in FY 2014, and \$3,459 in FY 2015 for costs associated with storing records and maintaining the Kansas Bred Registry.

Expanded Gaming Regulation. The Expanded Gaming Regulation Program provides oversight and regulation of gaming facility managers and the operations of state-owned gaming facilities. Responsibilities include background investigations on all gaming employees, management contractors, manufacturers and distributors seeking licensure at gaming facilities located in the state; investigation of any alleged violations of the Kansas Expanded Lottery Act; and auditing of net gaming revenue at each gaming facility. This program is responsible for providing the necessary regulation and oversight of the three state-owned gaming facilities that operate in Dodge City, Sumner County, and Wyandotte County. All expenses incurred for the regulation of gaming facilities are fully reimbursed by each gaming facility manager.

The Governor recommends expenditures of \$5,910,672 for the Expanded Gaming Regulation Program in FY 2013, which is an increase of \$469,634 from the agency's FY 2013 approved budget. The increase is a combination of additional salaries and wages needed to fully staff regulatory positions at the three state-owned casinos and the expenses associated with additional background investigations of potential gaming employees. The agency plans to use 70.50 FTE positions in FY 2013 to manage both the Racing Operations and Expanded Gaming Regulation Programs, which is a reduction of 3.50 FTE positions from the amount approved by the 2012 Legislature.

The Governor recommends expenditures of \$5,791,392 in FY 2014 and \$5,825,099 in FY 2015 for the Expanded Gaming Regulation Program. The recommendations will allow the agency to provide the necessary regulation and oversight of the state's three gaming facilities. The Governor recommends 70.50 FTE positions in both FY 2014 and FY 2015 to manage both the Racing Operations and Expanded Gaming Regulation Programs.

Tribal Gaming Regulation. The Tribal Gaming Regulation Program fulfills the state's responsibilities relative to the State-Tribal Compacts and the Tribal Gaming Oversight Act in the regulation of tribal gaming in Kansas. Responsibilities include conducting background checks of tribal gaming employees, monitoring compliance with internal controls and gaming rules, and monitoring compliance with licensing criteria. The Governor recommends

\$1,774,152 for the Tribal Gaming Regulation Program in FY 2013, which is a reduction of \$126,861 from its FY 2013 approved budget. The Governor recommends expenditures of \$1,795,548 in FY 2014 and \$1,806,016 in FY 2015 for the Tribal Gaming Regulation Program. All expenses of the Tribal Gaming Regulation Program are financed through the Tribal Gaming Fund, which is capitalized through assessments to the state's four tribal casinos. The Governor recommends 23.00 FTE positions in FY 2013 which is a reduction of 1.00 FTE position from the amount approved by the 2012 Legislature. The agency plans to maintain 23.00 FTE positions for the Tribal Gaming Regulation Program in both FY 2014 and FY 2015.

Department of Revenue

The Department of Revenue's primary function is collecting taxes for the state. The Department's responsibilities also include registration of motor vehicles, licensure of drivers, and regulation of the alcoholic beverage industry. To fulfill its mission, the Governor recommends expenditures of \$102,920,206 from all funding sources for FY 2013, which includes \$16,091,541 from the State General Fund and \$48,139,472 from the Division of Vehicles Operating Fund.

The FY 2013 recommendation represents an increase of approximately \$7.2 million from all funding sources above the agency's total approved budget. The increase is largely attributable to additional expenditures from the Division of Vehicles Modernization Fund. This fund was established during the 2008 Legislative Session to collect funding from a special assessment on motor vehicle registrations. The funding is intended for the sole purpose of implementing the Division of Vehicles Modernization Project, to integrate three antiquated vehicles systems into one, and create efficiencies which span across state and local government. The Governor's FY 2013 State General Fund recommendation matches the approved amount set by the 2012 Legislature.

For FY 2014, the Governor recommends \$97,342,046 from all funding sources, including \$14,489,641 from the State General Fund and \$47,385,713 from the

Department of Commerce

Mission. The mission of the Department of Commerce is to deliver the highest level of business development, workforce and marketing services, which build a healthy and expanding Kansas economy. The Department fosters the economic development of the state through the promotion of business, commerce, and industry. The Department's overall effort is to assist in the efficient use of the state's labor, capital, and land resources.

Operations. The Department is a cabinet-level agency with a Secretary appointed by the Governor. The agency has five divisions: Administration, Business and Community Development, Workforce Services, Rural Development, and Trade Development.

The Administration Division is responsible for the centralized administrative operations, public relations, communications, of the Department. This division also deals with legal matters, including lawsuits, contracts, legislative issues, and interpretation of statutes. The Business and Community Development Division provides services to strengthen communities and expand opportunities for new and retained businesses.

The Workforce Services Division operates workforce training programs and provides employment services to job seekers and employers. The Rural Development Division provides technical assistance to communities to stimulate economic development. The Trade Development Division creates opportunities for Kansas businesses to market their products internationally and domestically.

Statutory History. The Industrial Development Commission was created by the 1939 Legislature through the passage of KSA 74-3601 to promote industrial development and the economic welfare of the state. The 1963 Legislature reorganized the

Commission with the new title of Department of Economic Development. The Department became a cabinet-level agency in 1975 through a Governor's reorganization order.

The 1985 Legislature directed development of a Kansas Economic Development Plan. From the *Redwood-Krider Report*, the 1986 Legislature created the Legislative Commission on Kansas Economic Development. One of the initiatives proposed was the restructuring of the Kansas Department of Economic Development. A new Kansas Department of Commerce was established January 12, 1987.

Effective July 1, 1992, through executive reorganization, the Governor created the Division of Housing in the renamed Department of Commerce and Housing. The new division consolidated the housing programs of the Department of Commerce and the Department of Social and Rehabilitation Services.

During the 2003 Legislative Session, the Governor issued an executive reorganization order which transferred the Division of Housing from the Department to the Kansas Development Finance Authority and renamed the agency the Department of Commerce.

The Governor issued Executive Reorganization Order No. 35 during the 2011 Legislative Session, which transferred KCDC to the Office of the Governor. The Governor also transferred the Travel and Tourism Development Division to the Kansas Department of Wildlife, Parks and Tourism by Executive Reorganization Order No. 36 and the Agriculture Products Development Division to the Department of Agriculture by Executive Reorganization Order No. 40. In 2012, the Rural Development Division was merged into the Business Development Division to create the Business and Community Development Division.

Department of Commerce

	FY 2012 Actual	FY 2013 Gov. Estimate	FY 2014 Base Budget	FY 2014 Gov. Rec.	FY 2015 Gov. Rec.
Expenditures by Program					
Administration	46,170,178	30,633,537	27,767,539	26,587,412	26,611,820
Business & Community Development	9,300,201	44,171,302	42,116,062	42,113,386	42,131,760
Workforce Services	66,768,215	77,980,630	75,547,359	75,508,880	75,566,053
Rural Development	25,280,817	--	--	--	--
Trade Development	1,151,825	909,951	1,026,816	1,026,272	1,030,052
Debt Service & Capital Improvements	318,338	235,350	236,400	236,400	236,775
Total Expenditures	\$148,989,574	\$153,930,770	\$146,694,176	\$145,472,350	\$145,576,460
Expenditures by Object					
Salaries and Wages	16,729,503	16,704,879	16,698,743	16,684,673	16,803,039
Contractual Services	7,735,912	7,129,036	6,262,986	6,287,986	6,277,655
Commodities	294,213	234,527	227,202	227,202	227,102
Capital Outlay	675,961	409,002	369,795	369,795	369,795
Debt Service	53,650	50,350	46,400	46,400	41,775
Subtotal: State Operations	\$25,489,239	\$24,527,794	\$23,605,126	\$23,616,056	\$23,719,366
Aid to Local Governments	25,566,468	28,010,000	25,960,000	25,960,000	25,960,000
Other Assistance	95,829,163	99,845,674	95,578,128	94,345,372	94,341,172
Subtotal: Operating Expenditures	\$146,884,870	\$152,383,468	\$145,143,254	\$143,921,428	\$144,020,538
Capital Improvements	264,688	185,000	190,000	190,000	195,000
Total Reportable Expenditures	\$147,149,558	\$152,568,468	\$145,333,254	\$144,111,428	\$144,215,538
Non-expense Items	1,840,016	1,362,302	1,360,922	1,360,922	1,360,922
Total Expenditures by Object	\$148,989,574	\$153,930,770	\$146,694,176	\$145,472,350	\$145,576,460
Expenditures by Fund					
State General Fund	15,000,000	15,500,000	15,500,000	15,000,000	15,000,000
Water Plan Fund	--	--	--	--	--
EDIF	16,469,264	19,083,708	14,827,559	14,117,010	14,146,974
Children's Initiatives Fund	--	--	--	--	--
Building Funds	--	--	--	--	--
Other Funds	117,520,310	119,347,062	116,366,617	116,355,340	116,429,486
Total Expenditures by Fund	\$148,989,574	\$153,930,770	\$146,694,176	\$145,472,350	\$145,576,460
FTE Positions					
FTE Positions	250.00	192.00	203.49	192.00	192.00
Non-FTE Unclassified Permanent	64.00	66.00	69.00	66.00	66.00
Total Positions	314.00	258.00	272.49	258.00	258.00

Administration

Operations. The Administration Division provides centralized administrative services to support the programmatic divisions of the Department. The staff works with the Secretary, Deputy Secretary, and Division Directors to provide policy and program management, including program design, priority setting, and resource allocation. Functional areas include fiscal, human resources, management information systems, marketing, and public information.

The Division handles all litigation affecting the agency through its Legal Services Program. This Program negotiates and drafts contracts for the agency, assists in the promulgation of regulations and policies, drafts amendments to state statutes, and prepares testimony to legislative committees in connection with proposed legislation.

The Governor's Council of Economic Advisors coordinates strategic planning and economic development resources of the state, evaluates state policies and agencies performances, and conducts research on industries, tax competitiveness, and regulatory structures.

The Division provides oversight of several grant programs that were transferred to the Department when the Kansas Technology Enterprise Corporation (KTEC) was abolished. The renamed Innovation Growth Program focuses on business assistance, commercialization, and university collaborations to promote technology-based economic development.

Goals and Objectives. The goals for the Administration Division are to:

Provide quality support services for internal and external customers.

Promote a positive brand image for the state.

Provide financial, human resource, information systems management, and other support services.

Statutory History. Authority for the Department of Commerce is provided in KSA 2012 Supp. 74-5002a. The Industrial Development Commission (KSA 74-3601) was created by the 1939 Legislature to promote the industrial development and economic welfare of the state. Following recommendations of the Governor's Economic Development Committee and the Governor's reorganization order, the 1963 Legislature reorganized the Commission (KSA 2012 Supp. 74-5002 et seq.), with the new title of Department of Economic Development, which gained responsibility for community development.

The Legal Services Program was created in 2004 by executive action of the Secretary of Commerce. The Governor's Council of Economic Advisors was created to replace Kansas, Inc. which was abolished by Executive Reorganization Order No. 37. This order was issued by the Governor and adopted by the 2011 Legislature. The Council was originally placed in the Department of Administration; however, it was transferred to the Department of Commerce in July 2011.

The grant programs of KTEC were transferred to the Department of Commerce by HB 2054, which was approved during the 2011 Legislative Session.

Department of Commerce
Administration

	FY 2012 Actual	FY 2013 Gov. Estimate	FY 2014 Base Budget	FY 2014 Enhanc. Pkg.	FY 2015 Gov. Rec.
Expenditures by Object					
Salaries and Wages	3,354,967	3,337,576	3,352,108	3,351,619	3,376,027
Contractual Services	1,847,939	1,791,161	1,303,570	1,328,570	1,328,570
Commodities	60,485	41,820	41,820	41,820	41,820
Capital Outlay	117,279	56,950	55,097	55,097	55,097
Debt Service	--	--	--	--	--
Subtotal: State Operations	\$5,380,670	\$5,227,507	\$4,752,595	\$4,777,106	\$4,801,514
Aid to Local Governments	2,545,000	2,000,000	--	--	--
Other Assistance	37,846,456	23,314,207	22,922,381	21,717,743	21,717,743
Subtotal: Operating Expenditures	\$45,772,126	\$30,541,714	\$27,674,976	\$26,494,849	\$26,519,257
Capital Improvements	--	--	--	--	--
Total Reportable Expenditures	\$45,772,126	\$30,541,714	\$27,674,976	\$26,494,849	\$26,519,257
Non-expense Items	398,052	91,823	92,563	92,563	92,563
Total Expenditures by Object	\$46,170,178	\$30,633,537	\$27,767,539	\$26,587,412	\$26,611,820
Expenditures by Fund					
State General Fund	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Water Plan Fund	--	--	--	--	--
EDIF	6,981,778	8,337,332	5,458,194	4,278,529	4,289,438
Children's Initiatives Fund	--	--	--	--	--
Building Funds	--	--	--	--	--
Other Funds	24,188,400	7,296,205	7,309,345	7,308,883	7,322,382
Total Expenditures by Fund	\$46,170,178	\$30,633,537	\$27,767,539	\$26,587,412	\$26,611,820
FTE Positions	45.00	39.00	40.00	39.00	39.00
Non-FTE Unclassified Permanent	9.00	7.00	7.00	7.00	7.00
Total Positions	54.00	46.00	47.00	46.00	46.00

Performance Measures

There are no performance measures for this program.

Business & Community Development

Operations. The Division of Business and Community Development has four program areas: business expansion and retention, business finance and incentives, business recruitment and relocation, and community development. The Division promotes the development of Kansas businesses through assistance to existing businesses and by attracting new businesses from outside the state.

The Business Expansion and Retention Section works with businesses to develop an incentive proposal based on the needs and projected growth of the business. The section also works with local communities to ensure they are prepared to meet the needs of their growing business community.

The Business Finance and Incentives Section provides federally tax exempt Private Activity Bonds for exempt facility bonds, mortgage revenue bonds, industrial revenue bonds, qualified small issue bonds and qualified student loan bonds. This Section also manages the Job Creation Program Fund, High Performance Incentive Program, Property Tax Abatement Assistance Program, Promoting Employment Across Kansas (PEAK) Program, and STAR Bonds Program.

The Business Development Division also operates the Office of Minority and Women Business Development. The Office of Minority and Women Business Development promotes business development of minority and women-owned businesses. The office also partners with other business advocates to sponsor business education workshops and seminars and certifies business for the Disadvantaged Business Enterprise Program.

The Business Recruitment Section is responsible for attracting new jobs, payroll, and investment to the state through pro-active marketing activities and by providing site location assistance to companies and their consultants.

The Community Development Section preserves and enhances the livability of rural Kansas communities by increasing their capacity to finance infrastructure improvements, enhance the economic vitality of their downtowns and businesses, plan and fund community development projects, and increase entrepreneurial development. It supports Kansas communities by providing community planning, technical assistance, grants, loans, and tax credits.

Goals and Objectives. The Division's goals include the following:

Encourage business investment in Kansas.

Provide financial and technical assistance to Kansas businesses and communities.

Increase minority-owned and women-owned business opportunities.

Reverse population declines in rural areas of the state by providing incentives for job creation and economic development.

Statutory History. With the reorganization of the Department by the 1986 Legislature, the Division of Existing Industry Development was created to provide programs to meet the needs of businesses existing in Kansas. The Division was formed by combining the functions of the Small Business Development Division and the Office of Minority Business and by adding responsibilities directed toward existing industries and attracting out-of-state industry.

The 1994 Legislature combined the Divisions of Existing Industry and Industrial Development to create a new Division of Business Development. In 2012, the Rural Development Division was merged into the Business Development Division to create the Business and Community Development Division.

Business & Community Development

	FY 2012 Actual	FY 2013 Gov. Estimate	FY 2014 Base Budget	FY 2014 Enhanc. Pkg.	FY 2015 Gov. Rec.
Expenditures by Object					
Salaries and Wages	1,404,045	2,386,537	2,405,906	2,403,230	2,421,604
Contractual Services	836,791	1,509,197	1,478,984	1,478,984	1,478,984
Commodities	30,620	52,051	51,226	51,226	51,226
Capital Outlay	4,987	5,368	1,500	1,500	1,500
Debt Service	--	--	--	--	--
Subtotal: State Operations	\$2,276,443	\$3,953,153	\$3,937,616	\$3,934,940	\$3,953,314
Aid to Local Governments	50,000	25,000,000	25,000,000	25,000,000	25,000,000
Other Assistance	6,970,738	15,118,449	13,077,937	13,077,937	13,077,937
Subtotal: Operating Expenditures	\$9,297,181	\$44,071,602	\$42,015,553	\$42,012,877	\$42,031,251
Capital Improvements	--	--	--	--	--
Total Reportable Expenditures	\$9,297,181	\$44,071,602	\$42,015,553	\$42,012,877	\$42,031,251
Non-expense Items	3,020	99,700	100,509	100,509	100,509
Total Expenditures by Object	\$9,300,201	\$44,171,302	\$42,116,062	\$42,113,386	\$42,131,760
Expenditures by Fund					
State General Fund	--	--	--	--	--
Water Plan Fund	--	--	--	--	--
EDIF	2,625,336	7,114,986	5,754,736	5,752,821	5,765,974
Children's Initiatives Fund	--	--	--	--	--
Building Funds	--	--	--	--	--
Other Funds	6,674,865	37,056,316	36,361,326	36,360,565	36,365,786
Total Expenditures by Fund	\$9,300,201	\$44,171,302	\$42,116,062	\$42,113,386	\$42,131,760
FTE Positions	17.00	15.00	15.00	15.00	15.00
Non-FTE Unclassified Permanent	5.00	17.00	17.00	17.00	17.00
Total Positions	22.00	32.00	32.00	32.00	32.00

Performance Measures	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Jobs created or retained through Business and Community Development Programs	15,000	15,000	15,000	15,000
Capital investments resulting through Business and Community Development Programs (in billions)	\$2.4	\$2.5	\$2.5	\$2.6
Rural opportunity zones applications	389	544	761	800

Workforce Services

Operations. The Workforce Services Division links businesses, job seekers, and educational institutions to ensure Kansas employers find trained employees. The Division has two program areas: Training Services and Employment Services. Training Services uses state and federal funding to provide workforce training programs. State training services include three programs: Kansas Industrial Training (KIT), Kansas Industrial Retraining (KIR) and Investments in Major Projects and Comprehensive Training (IMPACT). Federal programs include Incumbent Worker Training, Registered Apprenticeship Program, Trade Adjustment Assistance Program, WIA Youth Projects, and the Older Kansans Employment Program.

Employment Services connects employers with job seekers, including persons receiving unemployment benefits, veterans, older workers, legal foreign workers, and workers transitioning from agricultural work to other industries. Programs consist of Wagner-Peyser Act Services, Workforce Investment Act (WIA) Services, Foreign Labor Certification, Work Opportunity Tax Credit, Federal Bonding Program, and Veterans Services.

The Workforce Services Division also operates America's Job Link Alliance (AJLA), which is a national information technology field center with functional direction provided by the National Association of State Workforce Agencies (NASWA). The center was founded in 1969 with funding from the U.S. Department of Labor to centralize the development of management information systems used within the federal/state employment security system. AJLA computer-based systems provide the means for the national workforce development community to serve job seekers and employers.

Goals and Objectives. The Division's goals include the following:

Stimulate the Kansas economy through retention and creation of jobs and increased capital investment.

Provide qualified employees for any employer anywhere in Kansas.

Encourage job creation and retention through upgrading the skills of the Kansas workforce.

Statutory History. The Governor issued Executive Reorganization Order No. 31 in 2004, which transferred federal and state workforce development programs from what was known then as the Department of Human Resources (now the Department of Labor) to the Department of Commerce. Authority for the federal workforce programs is found in KSA 44-701 et seq., the Federal Wagner-Peyser Act, and the Social Security Act. Federal regulations 20 CFR Parts 602-604 and 651-653 relate to Job Services. The Workforce Investment Act programs are authorized by PL 105-220.

AJLA evolved as a federally funded program in 1969 by an agreement between the Kansas Department of Human Resources and the U.S. Department of Labor. However, because of the federal government's decentralization efforts, federal funding for the AJLA training component was eliminated in 1981 and the systems component in 1987. AJLA is now funded through subscriptions from a consortium of state workforce agencies throughout the country. The Legislature transferred AJLA to the Department of Commerce in July 2005 to align workforce development systems in a single agency.

Department of Commerce
Workforce Services

	FY 2012 Actual	FY 2013 Gov. Estimate	FY 2014 Base Budget	FY 2014 Enhanc. Pkg.	FY 2015 Gov. Rec.
Expenditures by Object					
Salaries and Wages	10,316,579	10,492,156	10,448,216	10,437,855	10,509,659
Contractual Services	3,568,508	3,519,972	3,125,629	3,125,629	3,115,298
Commodities	167,676	136,156	129,656	129,656	129,556
Capital Outlay	546,653	346,684	313,198	313,198	313,198
Debt Service	--	--	--	--	--
Subtotal: State Operations	\$14,599,416	\$14,494,968	\$14,016,699	\$14,006,338	\$14,067,711
Aid to Local Governments	1,536,736	1,010,000	960,000	960,000	960,000
Other Assistance	49,470,173	61,304,883	59,402,810	59,374,692	59,370,492
Subtotal: Operating Expenditures	\$65,606,325	\$76,809,851	\$74,379,509	\$74,341,030	\$74,398,203
Capital Improvements	--	--	--	--	--
Total Reportable Expenditures	\$65,606,325	\$76,809,851	\$74,379,509	\$74,341,030	\$74,398,203
Non-expense Items	1,161,890	1,170,779	1,167,850	1,167,850	1,167,850
Total Expenditures by Object	\$66,768,215	\$77,980,630	\$75,547,359	\$75,508,880	\$75,566,053
Expenditures by Fund					
State General Fund	--	500,000	500,000	--	--
Water Plan Fund	--	--	--	--	--
EDIF	3,653,169	2,730,174	2,713,413	3,184,988	3,187,110
Children's Initiatives Fund	--	--	--	--	--
Building Funds	--	--	--	--	--
Other Funds	63,115,046	74,750,456	72,333,946	72,323,892	72,378,943
Total Expenditures by Fund	\$66,768,215	\$77,980,630	\$75,547,359	\$75,508,880	\$75,566,053
FTE Positions	161.00	132.00	141.49	132.00	132.00
Non-FTE Unclassified Permanent	48.00	42.00	45.00	42.00	42.00
Total Positions	209.00	174.00	186.49	174.00	174.00

Performance Measures	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Individuals trained through Workforce Services	25,177	26,184	27,231	28,000
Jobs created or retained through Workforce Services	17,011	17,691	18,399	19,000

Rural Development

Operations. This Division's purpose is to preserve and enhance the livability of rural Kansas communities by increasing their capacity to finance infrastructure improvements, enhance the economic vitality of their downtowns and businesses, plan and fund community development projects, and increase entrepreneurial development. It supports Kansas communities by

providing community planning, technical assistance, grants, loans, and tax credits.

Statutory History. In 2012, the Rural Development Division was merged into the Business Development Division to create the Business and Community Development Division.

Department of Commerce
Rural Development

	FY 2012 Actual	FY 2013 Gov. Estimate	FY 2014 Base Budget	FY 2014 Enhanc. Pkg.	FY 2015 Gov. Rec.
Expenditures by Object					
Salaries and Wages	1,139,504	--	--	--	--
Contractual Services	1,114,886	--	--	--	--
Commodities	30,330	--	--	--	--
Capital Outlay	6,849	--	--	--	--
Debt Service	--	--	--	--	--
Subtotal: State Operations	\$2,291,569	\$ --	\$ --	\$ --	\$ --
Aid to Local Governments	21,434,732	--	--	--	--
Other Assistance	1,328,975	--	--	--	--
Subtotal: Operating Expenditures	\$25,055,276	\$ --	\$ --	\$ --	\$ --
Capital Improvements	--	--	--	--	--
Total Reportable Expenditures	\$25,055,276	\$ --	\$ --	\$ --	\$ --
Non-expense Items	225,541	--	--	--	--
Total Expenditures by Object	\$25,280,817	\$ --	\$ --	\$ --	\$ --
Expenditures by Fund					
State General Fund	--	--	--	--	--
Water Plan	--	--	--	--	--
EDIF	2,311,137	--	--	--	--
Children's Initiatives Fund	--	--	--	--	--
Building Funds	--	--	--	--	--
Other Funds	22,969,680	--	--	--	--
Total Expenditures by Fund	\$25,280,817	\$ --	\$ --	\$ --	\$ --
FTE Positions	18.00	--	--	--	--
Non-FTE Unclassified Permanent	1.50	--	--	--	--
Total Positions	19.50	--	--	--	--

Performance Measures

There are no performance measures for this program.

Trade Development

Operations. The Trade Development Division was created to help Kansas businesses increase the sale of goods and services in domestic and international markets. This effort is especially directed toward innovative products and services that will create diversification in the Kansas economy.

The Division is divided into two sections: International Marketing and International Investment. The International Marketing Section promotes Kansas exports to international markets by providing counseling sessions and mentoring for individual manufacturers and service providers regarding marketing plans and strategies to open new markets and expand existing markets. In addition, the trade staff and foreign office representatives conduct market research on local business practices, regulations, certification requirements, competition, and pricing.

Division services also include identifying potential buyers and distributors, hosting foreign delegations, referring trade leads, attending key industry trade shows abroad, and recruiting Kansas companies to those same shows. This Division also manages the state's International Trade Show Assistance Program, which is a grant program to promote Kansas company participation at international trade shows.

The International Investment Section recruits international business investment to Kansas. An active marketing program in Europe, Asia, and Canada identifies and targets potential investors who bring high quality jobs to the state. Networking is key to recruiting investment. The investment managers develop and maintain contact with corporations abroad, the U.S. headquarters of foreign-affiliated corporations, site location consultants, commercial real estate brokers, and many regional and local economic development offices. Overseas trade shows are also an important venue to target key industry corporate executives in one location.

The International Marketing and International Investment Sections are enhanced by the foreign offices which provide "on the ground" contacts and expertise regarding such markets and investment.

Goals and Objectives. The goals of the Division are to increase international sales of Kansas products and services and to increase the number of corporations located in Kansas. The Division will increase exports, capital investment, and jobs in the state.

Statutory History. KSA 74-5047 describes the mission of the Trade Development Division.

Department of Commerce
Trade Development

	FY 2012 Actual	FY 2013 Gov. Estimate	FY 2014 Base Budget	FY 2014 Enhanc. Pkg.	FY 2015 Gov. Rec.
Expenditures by Object					
Salaries and Wages	514,408	488,610	492,513	491,969	495,749
Contractual Services	367,788	308,706	354,803	354,803	354,803
Commodities	5,102	4,500	4,500	4,500	4,500
Capital Outlay	193	--	--	--	--
Debt Service	--	--	--	--	--
Subtotal: State Operations	\$887,491	\$801,816	\$851,816	\$851,272	\$855,052
Aid to Local Governments	--	--	--	--	--
Other Assistance	212,821	108,135	175,000	175,000	175,000
Subtotal: Operating Expenditures	\$1,100,312	\$909,951	\$1,026,816	\$1,026,272	\$1,030,052
Capital Improvements	--	--	--	--	--
Total Reportable Expenditures	\$1,100,312	\$909,951	\$1,026,816	\$1,026,272	\$1,030,052
Non-expense Items	51,513	--	--	--	--
Total Expenditures by Object	\$1,151,825	\$909,951	\$1,026,816	\$1,026,272	\$1,030,052
Expenditures by Fund					
State General Fund	--	--	--	--	--
Water Plan Fund	--	--	--	--	--
EDIF	897,844	901,216	901,216	900,672	904,452
Children's Initiatives Fund	--	--	--	--	--
Building Funds	--	--	--	--	--
Other Funds	253,981	8,735	125,600	125,600	125,600
Total Expenditures by Fund	\$1,151,825	\$909,951	\$1,026,816	\$1,026,272	\$1,030,052
FTE Positions	9.00	6.00	7.00	6.00	6.00
Non-FTE Unclassified Permanent	0.50	--	--	--	--
Total Positions	9.50	6.00	7.00	6.00	6.00

Performance Measures	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Amount of Kansas exports (in billions)	\$11.5	\$11.5	\$11.8	\$11.9
International capital investment in Kansas (in millions)	\$81.8	\$50.0	\$50.0	\$50.0

Debt Service & Capital Improvements

Operations. Expenditures for payment of principal and interest on debt incurred for capital improvement projects are made through this program. The agency makes payments from its Reimbursement and Recovery Fund to finance the debt service. Bonds were issued to finance the purchase and renovation of the workforce centers that are located throughout the state.

The Capital Improvements Program is responsible for the maintenance and construction of buildings owned by the Department of Commerce. The majority of the buildings house employment and training operations.

The general repair of Commerce-owned buildings are funded with Wagner Peyser federal funds.

Statutory History. General authority for the program is found in KSA 2012 Supp. 75-5701b. The Department was created by Executive Reorganization Order No. 14 of 1976. The order combined a number of labor-related programs under the Department of Human Resources. The workforce center buildings were transferred from the Department of Human Resources as part of the Executive Reorganization Order No. 31, which was issued by the Governor and adopted by the 2004 Legislature.

Debt Service & Capital Improvements

	FY 2012 Actual	FY 2013 Gov. Estimate	FY 2014 Base Budget	FY 2014 Enhanc. Pkg.	FY 2015 Gov. Rec.
Expenditures by Object					
Salaries and Wages	--	--	--	--	--
Contractual Services	--	--	--	--	--
Commodities	--	--	--	--	--
Capital Outlay	--	--	--	--	--
Debt Service	53,650	50,350	46,400	46,400	41,775
Subtotal: State Operations	\$53,650	\$50,350	\$46,400	\$46,400	\$41,775
Aid to Local Governments	--	--	--	--	--
Other Assistance	--	--	--	--	--
Subtotal: Operating Expenditures	\$53,650	\$50,350	\$46,400	\$46,400	\$41,775
Capital Improvements	264,688	185,000	190,000	190,000	195,000
Total Reportable Expenditures	\$318,338	\$235,350	\$236,400	\$236,400	\$236,775
Non-expense Items	--	--	--	--	--
Total Expenditures by Object	\$318,338	\$235,350	\$236,400	\$236,400	\$236,775
Expenditures by Fund					
State General Fund	--	--	--	--	--
Water Plan Fund	--	--	--	--	--
EDIF	--	--	--	--	--
Children's Initiatives Fund	--	--	--	--	--
Building Funds	--	--	--	--	--
Other Funds	318,338	235,350	236,400	236,400	236,775
Total Expenditures by Fund	\$318,338	\$235,350	\$236,400	\$236,400	\$236,775
FTE Positions	--	--	--	--	--
Non-FTE Unclassified Permanent	--	--	--	--	--
Total Positions	--	--	--	--	--

Performance Measures

There are no performance measures for this program.

Kansas Lottery

Mission. The mission of the Kansas Lottery is to produce the maximum amount of revenue for the State of Kansas while ensuring the integrity of all games.

Operations. Revenues for the sale of lottery tickets are credited to the Lottery Operating Fund. From this fund, transfers are made to the State Gaming Revenues Fund. The first \$50.0 million transferred to the State Gaming Revenues Fund are used to finance projects in such areas as economic development, corrections, and juvenile detention. Current law provides that \$80,000 is spent for problem gamblers. Then 85.0 percent of the balance is transferred to the Economic Development Initiatives Fund, 10.0 percent to the Correctional Institutions Building Fund, and 5.0 percent to the Juvenile Detention Facilities Fund. Any receipts to the State Gaming Revenues Fund in excess of \$50.0 million are transferred to the State General Fund at the conclusion of the year.

General operations of the agency are under the direction of the Executive Director, who is appointed by the Governor and subject to Senate confirmation. A five-member Commission appointed by the Governor advises the Executive Director about operation of the Lottery, establishment of policies, and approval of an operating budget. The Commission must meet at least four times each year.

The Kansas Expanded Lottery Act allows the Lottery to enter into contracts to place state-owned electronic gaming machines at existing parimutuel racetracks and to enter into management contracts with gaming facility managers to construct and manage four state-owned casinos. To date, no parimutuel racetrack has entered into a contract to place electronic gaming machines at parimutuel racetracks, and only three of the state-owned casinos have been constructed.

The Lottery provides review and monitoring to ensure compliance with rules and procedures adopted under the Kansas Expanded Lottery Act. The Lottery is also responsible for collecting and distributing revenue from state-owned gaming operations.

Goals and Objectives. The goal of the Lottery is to provide increasing revenues to the state through the sale of lottery products and the operation of electronic gaming machines and casino operations in an effective and responsible manner. Objectives associated with this goal include:

- Develop and improve all lottery games to enhance game sales and increase revenue transfers.

- Create efficiency through constant monitoring and improvement of internal procedures.

- Promote continuing efforts to ensure the integrity of lottery products, personnel, retailers, and operations.

- Provide education to employees, retailers, players, and external customers of the Kansas Lottery to enhance productivity, utilization of services, as well as product knowledge.

- Provide a system of review to ensure the integrity of electronic gaming devices and the accurate reporting of net gaming revenues.

Statutory History. Article 15 of the *Kansas Constitution* was amended in 1986 to allow the operation of a state lottery. KSA 74-8701 et seq. constitutes the Kansas Lottery Act. The Kansas Lottery Commission is created by KSA 74-8709. The Lottery is established by KSA 2012 Supp. 74-8703, and the powers and duties of the Executive Director are outlined in KSA 74-8704 and KSA 74-8706.

The Kansas Expanded Lottery Act is established in KSA 2012 Supp. 74-8733 et seq. and allows the Lottery to enter into contracts to place state-owned electronic gaming machines at existing parimutuel racetracks and to enter into contracts with gaming facility managers to construct and manage four state-owned casinos. The location of the casinos must be held to a vote in counties specified by the Act.

Kansas Lottery

	FY 2012 Actual	FY 2013 Gov. Estimate	FY 2014 Base Budget	FY 2014 Gov. Rec.	FY 2015 Gov. Rec.
Expenditures by Program					
Administration	2,812,276	3,370,653	3,831,628	3,467,289	3,485,175
Information Technology	975,383	983,706	1,009,681	988,771	993,913
Sales	1,722,618	1,791,711	1,831,980	1,788,944	1,798,863
Security	591,849	581,460	602,632	585,228	589,543
Cost Of Sales	52,064,598	47,492,527	47,981,005	48,099,264	48,832,714
Expanded Lottery Expenses	152,486,850	276,655,326	331,109,456	297,136,873	310,144,757
Marketing	3,159,819	4,195,357	4,220,226	4,204,680	4,208,333
Total Expenditures	\$213,813,393	\$335,070,740	\$390,586,608	\$356,271,049	\$370,053,298
Expenditures by Object					
Salaries and Wages	5,433,404	6,324,996	6,870,224	6,366,406	6,417,205
Contractual Services	159,688,098	279,802,490	332,545,917	299,953,917	312,932,917
Commodities	499,557	664,422	672,052	672,052	672,052
Capital Outlay	152,213	256,132	219,099	219,099	219,099
Debt Service	--	--	--	--	--
Subtotal: State Operations	\$165,773,272	\$287,048,040	\$340,307,292	\$307,211,474	\$320,241,273
Aid to Local Governments	5,920,954	10,773,000	12,915,000	11,577,000	12,096,000
Other Assistance	35,967,845	24,217,914	24,292,414	24,369,282	24,516,025
Subtotal: Operating Expenditures	\$207,662,071	\$322,038,954	\$377,514,706	\$343,157,756	\$356,853,298
Capital Improvements	--	--	--	--	--
Total Reportable Expenditures	\$207,662,071	\$322,038,954	\$377,514,706	\$343,157,756	\$356,853,298
Non-expense Items	6,151,322	13,031,786	13,071,902	13,113,293	13,200,000
Total Expenditures by Object	\$213,813,393	\$335,070,740	\$390,586,608	\$356,271,049	\$370,053,298
Expenditures by Fund					
State General Fund	--	--	--	--	--
Water Plan Fund	--	--	--	--	--
EDIF	--	--	--	--	--
Children's Initiatives Fund	--	--	--	--	--
Building Funds	--	--	--	--	--
Other Funds	213,813,393	335,070,740	390,586,608	356,271,049	370,053,298
Total Expenditures by Fund	\$213,813,393	\$335,070,740	\$390,586,608	\$356,271,049	\$370,053,298
FTE Positions	99.00	90.00	95.00	90.00	90.00
Non-FTE Unclassified Permanent	5.00	15.00	15.00	15.00	15.00
Total Positions	104.00	105.00	110.00	105.00	105.00

Performance Measures	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Receipts from the sale of lottery tickets	\$243,570,532	\$246,500,000	\$246,000,000	\$247,000,000
Receipts transferred to the Gaming Revenues Fund	\$72,000,000	\$74,500,000	\$73,500,000	\$74,000,000
Prize payments	\$139,762,306	\$138,902,500	\$138,765,000	\$139,500,000
State-owned gaming facility revenue	\$197,365,116	\$359,700,000	\$385,900,000	\$403,200,000

Kansas Racing & Gaming Commission

Mission. The mission of Kansas Racing and Gaming Commission is to protect the integrity of racing and gaming industries through the enforcement of Kansas laws and is committed to preserving and instilling public trust and confidence.

Operations. The agency is governed by a five-member commission appointed by the Governor and confirmed by the Senate. The Governor appoints and the Senate confirms separate executive directors: one who administers the Racing Operations Program and the Expanded Gaming Regulation Program, and one who administers the Tribal Gaming Regulation Program. The Racing Operations Program regulates the pari-mutuel horse and dog racing industries. Currently, there are no pari-mutuel racetracks operating in the state. The Expanded Gaming Regulation Program is responsible for the oversight and regulation of four state-owned gaming facilities authorized by the Kansas Expanded Lottery Act. To date, three gaming facilities have been constructed. The Tribal Gaming Regulation Program is responsible for oversight and monitoring of Class III gaming conducted under tribal-state compacts.

Goals and Objectives. The following goals have been established by the Kansas Racing and Gaming Commission:

Maintain the integrity of the racing industry through enforcement of the parimutuel laws, criminal statutes, and regulations adopted by the Commission.

Ensure state-owned gaming facilities are compliant with the provisions of the Kansas Expanded Lottery Act, rules and regulations, and applicable state and federal laws.

Uphold the integrity of state-owned gaming facilities and ensure the fair distribution of revenue.

Ensure compliance with tribal-gaming compacts, gaming rules, and internal controls. Investigate alleged violations of the compacts.

Statutory History. Article 15 of the *Kansas Constitution* was amended in 1986 to permit parimutuel wagering on greyhound and horse races. The Kansas Parimutuel Racing Act is contained in KSA 74-8801 et seq. The responsibilities of the Racing and Gaming Commission are defined in KSA 74-8803.

Four tribal-state gaming compacts were approved during the 1995 Legislative Session. These four compacts were signed by the Governor and later approved by the U.S. Bureau of Indian Affairs. Subsequently, the State Gaming Agency was created by executive order in August 1995. The Tribal Gaming Oversight Act is contained in KSA 74-9801 et seq.

On July 1, 1996, the Kansas Racing Commission and the State Gaming Agency were integrated into the Kansas Racing and Gaming Commission. Prior to this action the State Gaming Agency was attached to the Department of Commerce.

The Kansas Expanded Lottery Act is established in KSA 2012 Supp. 74-8733 et seq. and allows state-owned electronic gaming machines at existing parimutuel racetracks and allows for gaming facility managers to construct and manage four state-owned casinos. KSA 2012 Supp. 74-8772 establishes the authority of the Kansas Racing and Gaming Commission to provide the regulation and oversight of these gaming facilities.

Kansas Racing & Gaming Commission

	FY 2012 Actual	FY 2013 Gov. Estimate	FY 2014 Base Budget	FY 2014 Gov. Rec.	FY 2015 Gov. Rec.
Expenditures by Program					
Racing Operations	800	3,425	3,519	3,441	3,459
Expanded Gaming Regulation	5,176,864	5,910,672	5,847,075	5,791,392	5,825,099
Tribal Gaming Regulation	1,528,793	1,774,152	1,803,721	1,795,548	1,806,016
Total Expenditures	\$6,706,457	\$7,688,249	\$7,654,315	\$7,590,381	\$7,634,574
Expenditures by Object					
Salaries and Wages	5,163,450	6,201,977	6,261,744	6,197,810	6,242,003
Contractual Services	983,243	1,152,815	1,106,497	1,106,497	1,106,497
Commodities	103,381	160,955	160,955	160,955	160,955
Capital Outlay	348,472	165,507	118,124	118,124	118,124
Debt Service	10,598	--	--	--	--
Subtotal: State Operations	\$6,609,144	\$7,681,254	\$7,647,320	\$7,583,386	\$7,627,579
Aid to Local Governments	--	--	--	--	--
Other Assistance	4,880	6,995	6,995	6,995	6,995
Subtotal: Operating Expenditures	\$6,614,024	\$7,688,249	\$7,654,315	\$7,590,381	\$7,634,574
Capital Improvements	--	--	--	--	--
Total Reportable Expenditures	\$6,614,024	\$7,688,249	\$7,654,315	\$7,590,381	\$7,634,574
Non-expense Items	92,433	--	--	--	--
Total Expenditures by Object	\$6,706,457	\$7,688,249	\$7,654,315	\$7,590,381	\$7,634,574
Expenditures by Fund					
State General Fund	--	--	--	--	--
Water Plan Fund	--	--	--	--	--
EDIF	--	--	--	--	--
Children's Initiatives Fund	--	--	--	--	--
Building Funds	--	--	--	--	--
Other Funds	6,706,457	7,688,249	7,654,315	7,590,381	7,634,574
Total Expenditures by Fund	\$6,706,457	\$7,688,249	\$7,654,315	\$7,590,381	\$7,634,574
FTE Positions	98.00	93.50	93.50	93.50	93.50
Non-FTE Unclassified Permanent	--	--	--	--	--
Total Positions	98.00	93.50	93.50	93.50	93.50

Performance Measures	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate
Slot machine inspections:				
Tribal Gaming Regulation Program	625	650	650	650
Expanded Gaming Regulation Program	7,190	4,500	1,500	1,500
Number of background investigations completed:				
Tribal Gaming Regulation Program	503	550	550	550
Expanded Gaming Regulation Program	1,209	1,215	315	315